

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

**INFORMAL SESSION
June 24, 2002**

The Board of Supervisors of Maricopa County, Arizona convened at 9: 00 a.m., June 24, 2002, in the Board of Supervisors' Conference Room, Tenth Floor, 301 W. Jefferson, Phoenix, Arizona, with the following members present: Don Stapley, Chairman; Fulton Brock, Vice Chairman; Andy Kunasek, Max W. Wilson, and Mary Rose Wilcox. Also present: Fran McCarroll, Clerk of the Board; Alma Hernandez, Administrative Coordinator; David Smith, County Administrative Officer; and Paul Golab, Deputy County Attorney. Votes of the Members will be recorded as follows: (aye-no-absent-abstain).

FOR ACTION: EMERGENCY BUDGET ALLOCATION TO STATE-DECLARED EMERGENCY FIRE

Item: Approve an emergency expenditure budget appropriation and transfer of up to \$575,000 of FY 2001-02 General Government – General Contingency funds to General Government – General Fund Programs – Sheriff's Overtime – Navajo County to fund the deployment of 100 Maricopa County Sheriff's Office Deputies requested by the Navajo County Sheriff's Office to assist in public safety services related to the state-declared emergency fire. The majority of funding will be used to pay overtime for the officers deployed to Navajo County and overtime costs for those remaining in Maricopa County who must cover shifts for seven days. The total amount includes food, water, accommodations, mileage and miscellaneous supplies. Costs as outlined up to the NTE allocated amount can be charged back (JV's) to General Government - General Fund Programs – Sheriff's Overtime – Navajo County line item, but must be forwarded to the Office of Management and Budget (OMB) for sign-off before processing by the Department of Finance. Additional funding will be sought if the effort exceeds 7 days or if additional deputies are required. Disaster Assistance for State Proclamations from the State Department of Emergency Management is being pursued for cost reimbursement. If this pursuit is successful, then 75% of approved expenditures will be reimbursed to General Government. (C5002102M) (ADM3900)

Motion was made by Supervisor Wilson, seconded by Supervisor Brock, and unanimously carried to approve item as recommended. (5-0)

Supervisor Kunasek questioned whether the Emergency Services Department had reviewed this appropriation request to assure proper reimbursement of funds. Mr. Smith responded that Bob Spencer, Director of Emergency Services, is an expert in the area of federal government reimbursement and would confer with Mr. Spencer about full reimbursement of these funds.

DISCUSSION AND ACTION: INTERNAL AUDIT PLAN FOR FISCAL YEAR 2002-2003

Item: Approve the recommended Internal Audit Plan for FY 2002-2003, in accordance with Board approved Internal Audit Charter. (C2303001M) (ADM2600)

Motion was made by Supervisor Brock, seconded by Supervisor Kunasek, and unanimously carried to approve the Internal Audit Plan as outlined below. (5-0)

INTERNAL AUDIT ANNUAL PLAN FY 2003

Functional Areas

Assessor's Office
Attorney's Office
Clerk of the Court (1)
Criminal Justice Facilities
Flood Control
Health Care Mandates

Management Services

Annual Report
BOS Agenda Items
Citizens Report (5)
Internal Control Workshop (6)
Financial Condition Report
Legislative Impact

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Internal Audit
8 Justice Courts (1) (2)
Medical Examiner
Office of Mgmt & Budget
Risk Management
Sheriff's Office
Solid Waste
Stadium District
Transportation

County-Wide Functions

Contracts
Entrance/Exit Reviews (3)
Fixed Assets
Grant Management
Inventories
Payroll
P-Card Expenditures
Random Cash Audits
Single Audit Reviews (4)

MFR Performance Measure Reviews

Health Care-MIHS

Contracts
Finance
Medical Center Inventory
Senior Select

Information Technology

Continuous Monitoring
HRMS Payroll System
Internal Vulnerability Assessment
MIHS Claims System
MIHS Star Financial System
Systems Development (7)
Virus Detection

Notes:

- (1) Includes accounting standards review required by the AZ Supreme Court.
- (2) The following Justice Courts will be reviewed in FY03:
Buckeye, NW Phx, NE Phx, S Mesa/Gil, S Phx, Tempe E, Tempe W, W Phx.
- (3) Limited reviews initiated by changes in leadership positions.
- (4) Review of federal "pass-through" dollars to comply with federal regulations.
- (5) Partial completion of a "user-friendly" performance results report (MfR).
- (6) Control Self Assessment Workshop on Fixed Assets or related topic.
- (7) Participation in system projects, such as E-Commerce or ICJIS.

DISCUSSION AND ACTION: INTERNAL AUDIT CHARTER

Item: Amend the charter for the Maricopa County Citizens Audit Advisory Committee, as follows:
(C2303002M) (ADM2602)

- Amend Item 4 to read: "Consider and review the audit scope and plan of the county auditor, and receive regular updates on the auditor general's county audit activities."
- Delete Item 7c.
- Amend Item 7d to read: "Any serious difficulties or other matters related to the conduct of the audit that need to be communicated to the committee."
- Delete Item 7e.

- Amend Committee Composition and Terms to read: "The membership of the committee shall consist of five voting members and three non-voting members. The voting members shall be Board of Supervisors appointees from the public and shall serve two-year terms. The non-voting members shall be the County's chief financial officer, the county attorney, the auditor general, or the designees. The chairman of the Board of Supervisors shall appoint a committee chairman from the voting members. The committee chairman shall serve a one-year term.

Motion was made by Supervisor Brock, seconded by Supervisor Kunasek, and unanimously carried to approve amendments to the Internal Audit Charter (full text below). (5-0)

**~ CHARTER OF THE MARICOPA COUNTY CITIZEN'S ~
AUDIT ADVISORY COMMITTEE**

The committee's primary function is to assist the board of supervisors in fulfilling its oversight responsibilities. The committee accomplishes this function by reviewing the county's financial information, the established systems of internal controls, and the audit process.

In meeting its responsibilities, the committee shall perform the duties outlined below.

1. Provide an open avenue of communication between the county auditor, the auditor general, and the board of supervisors.
2. Review the committee's charter annually and seek board approval on any recommended changes.
3. Inquire of management, the county auditor, and the auditor general about significant risks or exposures and assess the steps management has taken to minimize such risks to the county.
4. Consider and review the audit scope and plan of the county auditor, and receive regular updates on the auditor general's county audit activities.
5. Review with the county auditor and the auditor general the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources including external auditors and consulting activities.
6. Consider and review with the county auditor and the auditor general:
 - a. The adequacy of the county's internal controls including computerized information system controls and security.
 - b. Any related significant findings and recommendations of the auditor general and the county auditor together with management's responses thereto.
7. At the completion of the auditor general's annual examination, the committee shall review the following:
 - a. The county's annual financial statements and related footnotes.
 - b. The auditor general's audit of the financial statements and report thereon.

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- c. Any serious difficulties or other matters related to the conduct of the audit that need to be communicated to the committee.
- 8. Consider and review with management and the county auditor:
 - a. Significant audit findings during the year and management's responses thereto.
 - b. Any difficulties encountered during their audits, including any restrictions on the scope of their work or access to required information.
 - c. Any changes required in the planned scope of their audit plan.
 - d. The internal audit department's budget and staffing.
 - e. The internal audit department's charter.
 - f. The internal audit department's overall performance and its compliance with accepted standards for the professional practice of internal auditing.
- 9. Report committee actions to the board of supervisors with such recommendations as the committee may deem appropriate.
- 10. Prepare a letter for inclusion in the annual report that describes the committee's composition and responsibilities, and how they were discharged.
- 11. The committee shall meet at least four times per year or more frequently as circumstances require. The committee may ask members of management or others to attend the meetings and provide pertinent information as necessary. Committee meetings are subject to the Open Meeting Law (A.R.S. § 38-431).
- 12. The committee shall perform such other functions as assigned by the board of supervisors.

Committee Composition and Terms

The membership of the committee shall consist of five voting members and three non-voting members. The voting members shall be board of supervisor appointees from the public and shall serve two-year terms. The non-voting members shall be the county's chief financial officer, the county attorney, the auditor general, or their designees. The chairman of the board of supervisors shall appoint a committee chairman from the voting members. The committee chairman shall serve a one-year term.

Member Qualifications

Committee members must have an understanding of financial reporting, accounting, or auditing. This understanding can be demonstrated through educational degrees (BS, MBA, PhD) and professional certifications (CPA, CMA, CIA), or through experience in managing an organization of more than 25 employees or \$20M in revenues. Committee members should be familiar with local government operations and should have sufficient time to effectively perform the duties listed herein.

DISCUSSION AND ACTION: FISCAL YEAR 2002-2003 TENTATIVE BUDGET FOR OTHER SPECIAL DISTRICTS

Item: Deputy County Administrator, Office of Management and Budget – Fiscal Year 2002-2003 Tentative Budget for the Other Special Districts per the FY 2002-2003 Tentative Budget Schedules. (C49020578) (ADM1802)

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Motion was made by Supervisor Brock, seconded by Supervisor Wilcox, and unanimously carried to approve the FY 2002-2003 Tentative Budget for the Other Special Districts per the FY 2002-2003 Tentative Budget Schedules entitled "Direct Assessment of Special Districts Secondary Roll" and "Street Lighting Improvement District Levies Secondary Roll," and schedule a public hearing to solicit public comment on the FY 2002-2003 Budget for Monday, July 22, 2002, at 9:00 a.m.

DISCUSSION AND PRESENTATION: INTERIM SALARY ADVANCEMENT POLICY – FY 2003

Item: Presentation regarding the recommended Interim Salary Advancement Policy – FY 2003. (C35020036)

Brian Hushek, Office of Management and Budget, presented the Interim Salary Advancement Policy for Fiscal Year 2003, stating that the purpose of the policy was to establish guidelines for County and Judicial departments and Special Districts to submit critical salary increases. Since 1997, a significant investment has been made to place employee salaries within a midpoint average of 5%. During the budget process, OMB recommended approval of the budget without any additional funding for salary increases.

Sandi Wilson, Deputy County Administrator, provided a brief perspective about employee salaries by stating that many of the departments were below minimum wage when salaries were reviewed six years ago. Significant progress was made to bring salaries up to market ranges where they have been maintained for the last few years. A set-aside contingency fund of \$6.7 million is available to ensure that salaries do not fall far behind the market again.

Mr. Hushek continued with the policy recommendations:

- ✓ Place a hold on employee salaries until the economy stabilizes,
- ✓ No salary advancements with an effective date of July 1, 2002 forward,
- ✓ If a request is critical in nature, exemptions can be submitted for Board approval with:
 - Proper justification, tied to department strategic plan,
 - Funding verification by OMB.

Supervisor Wilcox questioned when the salary freeze would terminate. Ms. Wilson responded that if budgets are met, sufficient revenues are generated and the forecast is positive, a recommendation would be made to release some of the contingency funds for allocation.

Some possible exceptions to the policy that require special Board approval include:

- ✓ Completion of probationary period,
- ✓ Attainment of specialized training, certification, or licensure,
- ✓ Other special circumstances.

Board members were encouraged to contact the Office of Management and Budget if further review of this policy is required.

DISCUSSION AND PRESENTATION: EMPLOYEE GAINSHARING PROGRAM POLICY

Item: Presentation regarding the recommended Employee Gainsharing Program Policy as authorized by the Maricopa County Employee Compensation Plan, Section VIII. (C35020016) (ADM3321)

The Employee Gainsharing Programs allow the opportunity for employees to share in the benefits derived from efforts that enhance revenues, increase efficiencies and improve quality. These voluntary programs would be funded through savings within the department.

Mike Schaiberger, Administrator of Innovations, explained that employees could share up to 50% of any cost savings or revenue gains achieved, up to a maximum of \$2,000, if a department participates in a gainsharing program. All employees within the department are eligible to participate, including the director. All departments, offices and special districts may participate in this voluntary program, depending on the leadership's assessment of whether the department's structure has the ability. Gainsharing plans would require review by the Corporate Review Team, an adjunct to the "Managing for Results" process, and then would be brought before the Board for approval.

Mr. Schaiberger stated that award amounts were previously limited at \$1,500, however, this policy increases the maximum amount to \$2,000. He added that, to his knowledge, there is no statutory limit.

The annual measurement period is the fiscal year, although there is the flexibility in the policy to execute awards as frequently as quarterly. Awards would be paid to each employee per specific plan guidelines within a division or department, as long as they have satisfactory evaluations.

DISCUSSION AND PRESENTATION: VARIOUS GAINSHARING PROGRAMS

Item: Presentation of three Employee Gainsharing Programs as recommended by various department: Health Care Mandates (Pre-AHCCCS Claim Loss Reduction); Risk Management/Sheriff's Office (Risk Management/Sheriff's Office Risk Management Safety Incentive for the Sheriff's Office Detention Officers); and Maricopa Integrated Healthcare System (Collections Incentive for Admitting, Registration and the Family Health Centers). (C35020026) (ADM3345)

Health Care Mandates Gainshare Program

Shawn Nau, Health Care Mandates (HCM), provided an overview of the gainsharing program proposal for Health Care Mandates Department. This department provides litigation support services to County Counsel and liability claims resolution. HCM's challenge is to:

- Resolve over \$335 million in pre-AHCCCS claims in a matter that limits County exposure to those claims properly payable under state law, and
- Prevent pre-AHCCCS liability from impairing Maricopa County's ability to provide necessary services to the community.

The goals of the program are to:

- Increase amounts written off by providers in the claims resolution process by 20% of full-billed charges over historical base while experiencing no percentage increase in payments (equals 65% or more written off, payment of 5% or less of full-billed charges), and
- Reduce average annual litigation judgements/settlements rate by 7% over the 1998 rate (equals 5% of full-billed charges).

The following conditions are included in the HCM's gainsharing proposal:

- The maximum amount of an individual award per fiscal year is \$1,500,
- Awards will be distributed semi-annually, based on semi-annual results,
- A goal missed in one period can be made up in the succeeding six-month period by meeting the aggregate goal,
- Awards would be applied equally to all employees in the department (subject to eligibility requirements), and
- Fund for the program will be generated from litigation/claims resolution savings.

Mr. Nau stated that those eligible to benefit from the program include:

- All full-time regular and contract HCM employees,
- Employees who are assigned to HCM from County Counsel and CIO, and
- Employees who work in/for HCM on the date of award.

Individuals not eligible for the program include:

- Part-time and temporary employees,
- Initial probationary employees (including those on extension),
- Employees who are on an active performance improvement plan,
- Employees who were not employed by the department within three-months of the date of the award, and
- Employees who leave the department or have given a resignation notice prior to an award distribution.

Supervisor Kunasek inquired whether the County attorneys who are involved in the litigation process are eligible to participate in the program. Mr. Nau confirmed that County attorneys are eligible to participate, but the program excludes any outside counsel. Also, two employees assigned from the Chief Information Officer's department are also eligible to benefit.

Maricopa Integrated Health System Gainshare Program

The next presenter, Patrick Walz, CFO for Maricopa Integrated Health System, provided a summary of MIHS's gainsharing program that applies to staff working in admitting, registration, the Family Health Center, and financial counselors. The goal of the program is to increase monetary collections for MIHS. Challenges include changing the negative perception the public has regarding the value of service provided, insuring that all eligible, non-covered patients are provided with an AHCCCS application, and improve the accuracy of registration information.

The gainshare program goals attempt to:

- Increase the "up front" cash collections for services rendered from the previous three-month period,
- Achieve a registration quality/accuracy rate greater than or equal to 95% quarterly, and
- Ensure that AHCCCS applications are completed and submitted for all non-covered patients at a rate greater than or equal to 95% quarterly.

The gainshare awards would be subject to the following payment conditions:

- The maximum amount of individual award per year is \$2,000,
- Awards would be paid quarterly, based on the previous month's cash collections,
- 25% of the award will be withheld every quarter and paid at the end of the fiscal year,
- Awards will be applied equally to all registration/eligibility staff who are eligible for the program, and
- The last quarter's payment will not be paid until the year-end financial closing (the last month of the fiscal year).

Employees eligible to participate in the program include:

- All full-time and part-time MIHS registration/eligibility staff who work at MMC, the CHC, FHC's and Desert Vista,
- Those with an annual performance rating of "Meets Expectations" or higher, dated and filed within the past 12 months, and
- Employment with Maricopa County on the date of the award.

Individuals not eligible to participate include temporary employees, active staff employed less than 45 days, or employees on an active performance improvement plan.

Awards will be paid quarterly, with 50% of the award being paid at the end of the year after accuracy has been established.

The program measurement for the Family Health Centers is based on a quarterly cash collection baseline of \$172,000. If the collection exceeds the \$172,000 baseline amount, the calculation would follow as:

- If between \$172,000 and \$200,000,
 - 50% is returned to MIHS Enterprise Fund
- If between \$200,000 and \$225,000,
 - 60% is returned to MIHS Enterprise Fund
- If greater than \$225,000,
 - 70% is returned to MIHS Enterprise Fund

The baseline amount for Maricopa Medical Center, Family health Centers, and Desert Vista is \$175,000.

Mr. Schaiberger interjected that withholding a portion of the award is a provision designed to ensure that the department does not overpay an award prior to determining the fiscal year-end financial results.

In light of the requirement that employees must be employed at the time of distribution, Supervisor Kunasek questioned whether employees who plan to retire prior to the award distribution would be included. Mr. Schaiberger responded that the programs have the flexibility to include employees who retire prior to the award distribution.

Supervisor Kunasek also inquired whether the award payments were subject to taxation. Mr. Schaiberger explained that the award would be separate from the regular payroll check and that federal and state income taxes would be withdrawn, as would deductions for retirement and social security.

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David Smith, County Administrative Officer, remarked that approximately 13 gainshare programs will be established this year and, to his knowledge, no other government has as many, varied productivity-based programs as Maricopa County.

Detention Safety Incentive Pilot Program

The last presentation by Peter Crowley, Risk Management, and MaryEllen Shepherd, Sheriff's Office, described the Detention Safety Incentive Pilot Program.

This gainsharing program is based on a challenge to reduce Workers Compensation claims, cost and related expenses. During Fiscal Year 2000-2001, Maricopa County paid over \$3,275,000 in Workers Compensation claims of which 51% of the injuries were from detention officers or sergeants. To date in this fiscal year, injuries to detention officers or sergeants have cost the County over \$570,000.

The pilot program would be implemented at the six jail facilities and would allow detention officers and sergeants to share in the reduction of Workers Compensation costs and expenses in a 12-month period.

Employees eligible to participate:

- All full-time detention officer and sergeant classifications,
- Must have received full performance rating on last evaluation, and
- Employed as a detention officer or sergeant on the date of award.

Individuals not eligible to participate in the program include:

- Part-time and temporary employees,
- Probationary employees,
- Employees on an active performance improvement plan, and
- Detention officers or sergeants not assigned to a jail for at least a six-month period.

Conditions of the award payment will be based on the reduction of Workers Compensation costs during a 12-month period and paid as a one-time payment at the end of the fiscal year.

Other conditions include:

- A minimum of 10% savings in Workers Compensation costs and expenses would activate payment,
- Savings would be divided equally between the County and the program, and
- Up to a maximum of \$2,000 could be paid per employee.

Based upon projections for Workers Compensation costs and expenses for injuries occurring in FY 02-03 versus actual costs and expenses, cash awards would be paid if the savings exceeds 10%.

Ms. Shepherd continued the presentation, stating that to ensure success of the program and success with injury avoidance in the future, the Sheriff's Office intends to incorporate the Detention Safety Incentive Program into their larger safety initiative, which encompasses the following objectives:

- Prevention and elimination of injury and illness,
- Protection of the benefits and income of those employees who have been injured in the line of duty, and
- Preservation of the memories of those killed in the line of duty.

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Ms. Shepherd acknowledged the Board's past support with the protection and preservation objectives. The program allows the Board to support an injury prevention program focusing on safety in the workplace.

Supervisor Wilson questioned whether the incentive to employees would be greater if awards were presented quarterly versus annually. Mr. Schaiberger responded that in an effort to make awards meaningful, the plan was to pay them annually. If paid more frequently, the amount may be too small. Because of the program's infancy, it is difficult to predict what amount the payments may be. Ms. Shepherd added that although the monetary awards would be paid annually, feedback and non-monetary rewards would be provided on a more regular basis to acknowledge performance.

EXECUTIVE MATTERS

Motion was made by Supervisor Brock, seconded by Supervisor Wilson, and unanimously carried to recess and reconvene in Executive Session to consider the following Executive matters.

LEGAL ADVICE, PENDING OR CONTEMPLATED LITIGATION -- A.R.S. §38-431.03(A)(3) AND (A)(4)

Compromise Cases

Manuel Adame, Anna Bussari, Maria Castaneda, Alejandro Diaz, Jesus Franco, Ronald Gates, Alejandro Gonzalez, Jorge Rodriguez, Anabel Solis, Jose Solis, Roger Tate.
Barbara Caldwell, Outside Counsel

Write-off Cases

Conrad Ayala, Brian Gunning, Lee Quainance
Barbara Caldwell, Outside Counsel

PENDING OR CONTEMPLATED LITIGATION -- A.R.S. §38-431.03(A)(4)

City of Glendale; Glendale City Prisoners

Louis Gorman, Deputy County Attorney, Division of County Counsel
Tom Manos, Chief Financial Officer
Patrick Walz, MIHS-Chief Financial Officer

Food Rethermalization System; Maricopa County Adult and Juvenile Detention Facilities

Christopher Keller, Chief Counsel, Division of County Counsel
William S. Knopf, Bureau Chief, Division of County Counsel
Otis Smith, Deputy County Counsel, Division of County Counsel
Robert Williams, Chief Public Works Officer
Wes Baysinger, Director Materials Management
Jim Higgins, Procurement Officer, Materials Management
Heidi Birch, Director, Criminal Justice Facilities Development Department
Steve Blaylock, Project Manager, Hunt Jacobs

LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION -- A.R.S. §38-431.03(A)(3) AND (A)(4)

Maricopa County v. Landstar Polymer Recovery Inc., and Polytek Southwest

Christopher Keller, Chief Counsel
John Paulsen, Deputy County Counsel, Division of County Counsel

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Robert Williams, Chief Public Works Officer
Ash Madhok, Director, Solid Waste
Peter Crowley, Risk Manager

MEETING ADJOURNED

There being no further business to come before the Board, the meeting was adjourned.

Don Stapley, Chairman of the
Board

ATTEST:

Fran McCarroll, Clerk of the Board